File No. 382

Substitute Senate Bill No. 598

Senate, April 6, 1998. The Committee on Public Health reported through SEN. HARP, 10th DIST., Chairman of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING MENTAL HEALTH CENTERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (a) There is established a task force to assure that there continues to be a state-funded system of care that is capable of serving poor, severely disabled, vulnerable persons with addiction or psychiatric disorders by: (1) Monitoring and providing input into the process of implementing sections 46 to 51, inclusive, of public act 97-8 of the June 18 special session, as amended by this act; (2) receiving, reviewing and advising the Commissioner of Mental Health and Addiction Services on plans developed to implement said sections; (3) developing and making recommendations to the commissioner on increasing third party revenues to improve services and offset general fund expenditures for centers operated by, and nonprofit providers under contract to, the Department of Mental Health and Addiction Services; (4) developing and making recommendations to the commissioner on local management of center budgets and human resources; (5) developing and making recommendations to the commissioner regarding increased accountability of centers to local advisory boards; and (6)

developing and making recommendations to the commissioner regarding systems and infrastructure that facilitate accountability for cost of service, efficiency and productivity of centers.

(b) The task force shall consist of the following sixteen members:

(1) One appointed by the speaker of the House of Representatives, who shall be a representative of nonprofit mental health providers;

(2) One appointed by the president pro tempore of the Senate, who shall be a representative of nonprofit addiction services providers;

(3) One appointed by the minority leader of the House of Representatives, who shall be a representative of nonprofit mental health providers;

(4) One appointed by the minority leader of the Senate, who shall be a representative of nonprofit addiction services providers;

(5) The Commissioner of Mental Health and Addiction Services or the commissioner's designee;

(6) Four members appointed by the Commissioner of Mental Health and Addiction Services, all of whom shall be representative of department-operated centers;

(7) The Secretary of the Office of Policy and Management or the secretary's designee;

(8) The Commissioner of Administrative Services or the commissioner's designee;

(9) Four members appointed by the chairperson of the Board of Mental Health and Addiction Services, all of whom shall be representatives of consumers and advocates;

(10) One member appointed by the president of the New England Health Care Union, District 1199, who shall be a representative of a health care bargaining unit.

(c) All appointments to the task force shall be made no later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(d) The Secretary of the Office of Policy and Management or the secretary's designee shall serve as the chairperson of the task force and shall schedule the first meeting of the task force, which shall be held no later than sixty days after the effective date of this section.

(e) The Department of Mental Health and Addiction Services and the Office of Policy and Management shall provide support staff for the task force.

(f) Not later than January 1, 1999, the task force shall submit a report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to public health, in accordance with the provisions of section 11-4a of the general statutes.

Sec. 2. Section 46 of public act 97-8 of the June 18 special session is repealed and the following is substituted in lieu thereof:

As used in sections 46 to 51, inclusive, of [this act] PUBLIC ACT 97-8 OF THE JUNE 18 SPECIAL SESSION AND SECTIONS 8 AND 9 OF THIS ACT:

(1) "Commissioner" means the Commissioner of Mental Health and Addiction Services.

(2) "Center" means [the Connecticut Mental Health Center established pursuant to section 17a-459 of the general statutes] ALL FACILITIES OPERATED BY THE DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES FOR THE TREATMENT OF PSYCHIATRIC DISABILITIES OR SUBSTANCE ABUSE EXCEPT CONNECTICUT VALLEY HOSPITAL AND CEDARCREST HOSPITAL.

(3) "AUTHORIZED BY THE COMMISSIONER" MEANS THAT A CENTER HAS PRESENTED TO THE COMMISSIONER A PROPOSED PLAN OF IMPLEMENTATION AND THAT THE COMMISSIONER HAS APPROVED THE PLAN IN WHOLE OR IN PART OR AS AMENDED BY THE COMMISSIONER.

Sec. 3. Section 47 of public act 97-8 of the June 18 special session is repealed and the following is substituted in lieu thereof:

(a) [The center, when] WHEN authorized by the commissioner, A CENTER may participate in local, regional or state-wide provider networks, preferred provider organizations, physician-hospital organizations or other similar organizations.

(b) Participation by [the] A center in provider networks, preferred provider organizations, physician-hospital organizations or other similar organizations, when authorized by the commissioner, may include (1) membership in a network organization; (2) participation in network or organization contracts, cooperative agreements,

and joint ventures; (3) participation in the governance of networks and organizations; and (4) payment of reasonable network or organization dues, fees and assessments.

Sec. 4. Section 48 of public act 97-8 of the June 18 special session is repealed and the following is substituted in lieu thereof:

(a) [The center, when] WHEN authorized by the commissioner, A CENTER may enter into provider agreements and other contractual arrangements with Medicaid and Medicare managed care plans, governmental health plans, health maintenance organizations, health insurance plans, employer and union health plans, preferred provider organizations, physician-hospital organizations, managed care plans, networks and other similar arrangements or plans offered by insurers, third-party payers or other entities offering health care plans to their members or employees and their dependents.

(b) The agreements and other contractual arrangements identified in subsection (a) of this section may include plans and arrangements certified by the Department of Social Services, the Department of Mental Health and Addiction Services [,] or the federal Health Care Financing Administration [,] to provide services to Medicaid, Medicare, general assistance, Department of Mental Health and Addiction Services or Health Care Financing Administration beneficiaries, as well as private plans and arrangements [satisfactory to] AUTHORIZED BY the commissioner.

(c) Participation in the agreements and other contractual arrangements identified in this section and [approved] AUTHORIZED by the commissioner shall not be subject to the review and approval of other state agencies except as otherwise required by law.

(d) [To the extent the commissioner permits, the] WHEN AUTHORIZED BY THE COMMISSIONER, A center may bill and accept, as reimbursement for services provided pursuant to the agreements and other contractual arrangements identified in this section, negotiated rates, including rates based on charges, discounted charges, per diem or per case rates or other forms of reimbursement. Such reimbursement shall be subject to review or approval by the Secretary of the Office of Policy

and Management based on demonstrated impact on federal reimbursement.

Sec. 5. Section 49 of public act 97-8 of the June 18 special session is repealed and the following is substituted in lieu thereof:

(a) [Whenever the commissioner deems it appropriate and grants approval, the center] WHEN AUTHORIZED BY THE COMMISSIONER, A CENTER may enter into contracts, agreements, leases, or other arrangements for the following: (1) The acquisition of commodities, goods, services and equipment; (2) office, clinic, laboratory or other needed space whether on or off the center's main campus; and (3) necessary capital expenditures.

(b) Contracts, agreements, leases or other arrangements approved under this section by the commissioner shall not be subject to the review or approval of other state agencies or any other state-mandated purchasing or acquisition procedures, unless and to the extent the commissioner deems it necessary.

Sec. 6. Section 50 of public act 97-8 of the June 18 special session is repealed and the following is substituted in lieu thereof:

[The center may do the following, if approved] A CENTER MAY, IF AUTHORIZED by the commissioner as furthering the purposes of the center as set forth in section 47 of [this act] PUBLIC ACT 97-8 OF THE JUNE 18 SPECIAL SESSION, AS AMENDED BY THIS ACT:

(1) Employ or retain accountants, attorneys and architectural, engineering, financial and other consultants on a project basis, and fix their compensation;

(2) Procure insurance, or obtain indemnification, against any loss in connection with the activities of [the] A center;

(3) Develop innovative solutions to patient care and service system problems;

(4) Own, manage [,] and use real property or any interest in such property;

(5) Purchase, receive by gift or otherwise, lease, exchange, or otherwise acquire and construct, reconstruct, improve, maintain, equip and furnish such mental health facilities as are required;

(6) Accept gifts, grants or loans of funds, property or service from any source, public,

quasi-public or private, and comply, subject to the provisions of section 47 of [this act] PUBLIC ACT 97-8 OF THE JUNE 18 SPECIAL SESSION, AS AMENDED BY THIS ACT, with their respective terms and conditions; and

(7) Accept from federal agencies or private sources loans or grants for use in carrying out its purposes and enter into agreements respecting any such loans or grants.

Sec. 7. Section 51 of public act 97-8 of the June 18 special session is repealed and the following is substituted in lieu thereof:

[With the approval of the commissioner, the center] WHEN AUTHORIZED BY THE COMMISSIONER, A CENTER shall establish rules and criteria for determining whether any of [the center's] ITS accounts receivable shall be treated as uncollectible. Such rules and criteria shall be fully consistent with customary hospital accounting practices consistently applied. [The] EACH center shall determine, in accordance with such rules and criteria, which of [the] ITS accounts receivable [of the center] shall be so treated. Upon the commissioner's [approval] AUTHORIZATION, a determination by [the] A center made in accordance with such rules and criteria that an account receivable shall be treated as uncollectible shall be conclusive and the center shall not be required to pursue further collection procedures.

Sec. 8. (NEW) (a) When authorized by the commissioner, a center may deposit and maintain in a segregated fund some or all of the reimbursement for services received under subsection (d) of section 48 of public act 97-8 of the June 18 special session, as amended by this act, and may use such funds for expansion of services for poor, severely disabled, vulnerable persons with addiction or psychiatric disorders to enhance its management capabilities required to further the purposes of sections 46 to 51, inclusive, of public act 97-8 of the June 18 special session, as amended by this act, or to support services funded under a contractual arrangement. Such deposits and maintenance of segregated funds shall not have the effect of reducing the level of reimbursement for services deposited in the General Fund by the

Department of Administrative Services in the previous fiscal year.

(b) Nonprofit organizations under contract to the Department of Mental Health and Addiction Services may request in writing to the commissioner that a portion of unrestricted operating income or public support that is in excess of funds paid to the contractor be designated for special or future use, provided: (1) The portion is not required to meet current operating expenses; (2) the request for such designation is authorized in writing by the contractor's governing authority; and (3) the funds be used to support or expand services for poor, severely disabled, vulnerable persons with addiction or psychiatric disorders. The commissioner shall approve such requests that conform to the requirements of this section for not less than fifty per cent and up to one hundred per cent of that portion of a contractor's revenue in excess of approved operating expenses. Upon approval by the commissioner, funds so designated shall not be deemed a surplus and shall not be subject to refund to the department. There shall be a cost settlement for costs at or below the sum total of the contracted rates for the preceding contract year. Cost settlement decisions shall be made not later than one hundred twenty days after the filing of the audit for the preceding contract year. Cost settlement shall be deemed to occur when actual expenditures are below the total of the established rates for all contracts operated by the organization for the preceding contract year. For all allowable expenditures made pursuant to such contracts with the department by an organization in compliance with the department's performance requirements, fifty per cent of the difference between such actual expenditures made and the amount received by the organization from the department per such contracts shall be reimbursed to the department.

Sec. 9. (NEW) Nothing in sections 46 to 51, inclusive, of public act 97-8 of the June 18 special session, as amended by this act, or section 8 of this act shall be construed as diminishing or compromising the rights and benefits of state employees assigned to a center,

as defined in section 46 of public act 97-8 of the June 18 special session, as amended by this act.

Sec. 10. This act shall take effect July 1, 1998.

STATEMENT OF LEGISLATIVE COMMISSIONERS: In section 8(a), reference to "state operated centers" was changed to "a center" for consistency with the rest of the bill and the definitions in section 2.

PH COMMITTEE VOTE: YEA 14 NAY 9 JFS

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER sSB 598

STATE IMPACT	See Explanation Below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Departments of Mental Health and Addiction Services and Administrative Services, Office of Policy and Management

EXPLANATION OF ESTIMATES:

Section 1 of this bill establishes a task force to ensure that there continues to be a state-funded system of care. This task force is anticipated to result in minimal increased administrative costs for the Department of Mental Health and Addiction Services (DMHAS), the Department of Administrative Services (DAS) and the Office of Policy and Management (OPM). It is anticipated that these costs can be absorbed within budgeted resources.

Sections 2 through 7 of this bill grant the mental health centers similar powers to those granted to the Connecticut Mental Health Center in P.A. 97-8 of the June 18 Special Session. These powers regard contracts, agreements, leases, purchasing and other arrangements. However, the mental health centers remain components of DMHAS and as such, appear to continue to be subject to the contracting, purchasing, and leasing regulations of the department. Therefore, it is not clear how these sections would change the powers of the mental health centers in practice. Should the commissioner of DMHAS authorize a mental health center to enter into agreements with provider networks or other like entities, DMHAS may incur

indeterminate costs associated with dues, fees and assessments.

Section 8 of this bill concerns retained revenue for the mental health centers and for DMHAS contracted non-profit organizations. Subsection (a) allows a mental health center to retain some or all of any reimbursement collected through an agreement or contract authorized by this bill. An example of this would be a surplus generated from a contract with a private managed care system. The center must direct these retained funds toward expansion of either services or administrative capabilities. The bill requires the centers to maintain their level of reimbursement to the General Fund. As this level cannot be reduced by this provision, it is not anticipated to result in a fiscal impact for the state.

Section 8, subsection (b) concerns revenue retained by DMHAS contracted non-profit organizations. This section allows the non-profits to retain a portion of any surplus funds remaining from a contract with DMHAS. However, this section is unclear as to the exact portion of the funds that the non-profit may retain. As this section is unclear, the fiscal impact cannot be determined.

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OLR BILL ANALYSIS

sSB 598

AN ACT CONCERNING MENTAL HEALTH CENTERS

SUMMARY: This bill allows all Department of Mental Health and Addiction Services (DMHAS)-operated psychiatric and substance abuse facilities except two to participate in and contract with health care networks and engage in other activities in the same manner as the Connecticut Mental Health Center is allowed under current law. By law, participation may include (1) network membership; (2) entering contracts, agreements, or joint ventures; (3) participation in governing networks of organizations; and (4) payment of reasonable fees and assessments.

The bill authorizes centers and contracted nonprofit organizations to retain a portion of revenue received for services provided in a separate fund to improve certain services. It also specifies that rights and benefits of state employees at such facilities may not be diminished or compromised.

The bill establishes a task force to assure the continued existence of a state-funded system to care for poor, severely disabled, vulnerable people with psychiatric or addiction disorders. The task force must advise the DMHAS commissioner and report to the Public Health Committee by January 1, 1999. (The task force does not have a termination date.)

EFFECTIVE DATE: July 1, 1998

FURTHER EXPLANATION

Mental Health Centers' Participation in Health Networks

This bill allows all DMHAS-operated psychiatric and substance abuse facilities, except two, to do the following in the same manner as the Connecticut Mental Health Center is allowed under existing law:

1. participate in and contract with (a) local, regional, and statewide provider networks; (b) preferred provider networks; (c) physician-sponsored organizations; and (d) similar integrated health network organizations;

2. enter provider agreements and other contracts with Medicaid and managed care plans, governmental, employer, and union health plans, and other health plans;

3. accept reimbursement for services provided under authorized agreements;

4. enter into contracts or agreements without approval of other state agencies for (a) goods, services, and equipment, (b) office, clinic, laboratory, or other necessary space, and (c) necessary capital expenditures; and

5. perform other functions such as (a) employ

outside professional consultants, (b) procure insurance, (c) develop innovative patient care and service system solutions, (d) own, manage, and use real property, (e) purchase or receive equipment, (f) accept gifts, grants or loans from any source, and (g) establish rules consistent with customary hospital accounting practices to determine if any account receivables are not collectible.

The two DMHAS-operated facilities that cannot participate are Connecticut Valley Hospital and Cedarcrest. The bill specifies that receiving authorization from the DMHAS commissioner for such activities means the commissioner has approved in whole or in part a plan submitted.

By law, participation may include (1) network membership; (2) entering contract, agreements, or joint ventures; (3) participation in governing networks of organizations; and (4) payment of reasonable fees and assessments.

Mental Health Center and NonProfit Contractor Revenue Retention

The bill allows centers that stay within budget to retain a portion of the remaining funds with the commissioner's approval so long as the total amount the center sends to the Department of Administrative Services (DAS) for deposit in the General Fund is not lower than the previous fiscal year. Under current law, the surplus is returned to the General Fund. The facilities must use the account to expand services to their clients, enhance their management capabilities, or support other services performed under contract.

It also allows DMHAS-contracted, nonprofit organizations that fulfill their contracts within budget to retain from 50% to 100% of the remaining operating fund and public support received with the commissioner's approval. They must use the retained funds to support or expand services to poor, severely disabled vulnerable persons with addiction or psychiatric disorders. The governing body of the nonprofit must request authorization in writing and DMHAS must approve properly filed requests. It also allows for a cost settlement of 50% of the savings when

a nonprofit contractor fulfills a contract under the contracted rate. (This cost settlement and the 50-100% cost retention appear to draw on the same savings.) The settlement must be made within 120 days after the nonprofit files its single audit of the proceeding years expenditures.

Task Force

The bill establishes a task force to assure the continued existence of a state-funded system to care for poor, severely disabled, vulnerable people with psychiatric or addiction disorders. It must (1) monitor and provide input on implementing the participation of DMHAS-operated facilities in health networks; (2) receive, review, and advise the DMHAS commissioner on such implementation plans; (3) make recommendations to the commissioner on (a) increasing revenue from third parties, (b) managing center budgets and human resources locally, (c) increasing accountability to local advisory boards, and (d) using systems and infrastructure that facilitate cost accountability, efficiency, and productivity.

The task force must report to the Public Health Committee on or before January 1, 1999. (The task force does not have a termination date).

The task force has 16 members including the Office of Policy and Management secretary and the DMHAS and DAS commissioners or their designees, and 13 members appointed as follows:

Members	Appointed By
1 representative of nonprofit mental health providers	House speaker
1 representative of nonprofit addiction services provider	Senate president pro tempore
1 representative of nonprofit mental health providers	House minority leader
1 representative of	Senate minority leader

nonprofit addiction services provider	
4 representatives of DMHAS-operated centers	DMHAS commissioner
4 representatives of consumes and advocates	chairperson of the Board of Mental Health and Addition Services
1 representative of a health care bargaining unit	president of the New England Health Care Union

The appointments must be made by July 31, 1998. The OPM secretary or his designee is chairperson and must convene the first meeting by August 30, 1998. OPM and DMHAS must provide support staff.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute
Yea 14 Nay 9